



NORTH DAKOTA INSURANCE DEPARTMENT

600 E. Boulevard Ave., Bismarck, ND 58505
Phone: (701) 328-2440 Fax: (701) 328-4880

November 2008

Dear friends,

As North Dakota Insurance Commissioner, it's my job to do everything possible to protect insurance consumers. In an effort to do just that, I am sending you this packet to provide you with information about important, though sometimes confusing, health insurance issues.

This packet is designed to provide you with information about your health insurance needs as you approach Medicare eligibility. You will find helpful tips concerning Medicare, Medicare supplement insurance and long-term care insurance. I hope this information will be useful as you make decisions about these products.

If you are interested in buying a Medicare supplement insurance policy, you can now directly compare how much the companies will charge you for identical plans. Included is a sample comparison chart and an order form if you would like more information. These comparisons are also available on our website at www.state.nd.us/ndins/consumer/details.asp?ID=28.

Finally, I want to make you aware of the State Health Insurance Counseling (SHIC) program, a valuable service available to Medicare beneficiaries. If you have any insurance-related questions or problems, we have trained volunteers in many communities across the state ready to assist you—confidentially and free of charge. Call SHIC at 1.888.575.6611 to find a counselor in your area.

If you have questions or need assistance on any of these topics, please call us toll-free at 1.888.575.6611.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam W. Hamm".

Adam W. Hamm
Insurance Commissioner

Understanding Medicare

What is Medicare?

Medicare is a national, tax-supported health insurance program for people 65 and over and for some persons with disabilities. If you or your spouse have worked full time for 10 or more years over a lifetime, you are probably eligible to receive Medicare Part A (hospital insurance) for free. Medicare Part B (medical insurance) is available at a monthly rate set annually by Congress, based on beneficiary income.

Some seniors are eligible to receive Part B free as well, depending on their income and asset levels. For more information, ask about the Qualified Medicare Beneficiary (QMB), Special Low Income Medicare Beneficiary (SLMB) and qualifying individual programs through your county social services office.

How does Medicare work?

Medicare is actually two separate types of insurance—hospital and medical. It is not intended to cover all your medical expenses. Hospital insurance (Part A of Medicare) covers medical treatment and surgical procedures performed in a hospital. It also helps cover hospice, home health and limited skilled nursing care.

Medical insurance (Part B of Medicare) covers part of the cost of doctor bills, outpatient care, medical equipment, lab and diagnostic tests.

How do I get Medicare?

If you are receiving Social Security benefits prior to turning 65, you should automatically receive notification of your enrollment in Medicare shortly before your 65th birthday. Other individuals must apply by calling or visiting their Social Security office to receive Medicare.

If you are not yet receiving Social Security or if you have not received a Medicare enrollment notice, you should contact the nearest Social Security office for information. Social Security should contact you prior to your 65th birthday. Medicare coverage will begin on the first day of your birth month.

You can also enroll in Medicare Part B Jan. 1 through March 31 every year after your 65th birthday. Your coverage then starts July 1 of the year you signed up and you will pay a 10 percent surcharge on the Part B premium for each 12 months you were eligible but not enrolled.

What if I am still working?

If you continue to work after age 65 or your spouse is working and you are covered by an employer group health plan (EGHP), you may want to delay enrollment in Part B of Medicare. Enrolling in Medicare Part B may trigger your open enrollment for Medicare supplement insurance at a time when you do not need supplemental coverage. The penalty for late enrollment in Part B does not apply if you are covered by an EGHP because of you or your spouse's current employment.

If you do work after age 65, you may apply for Medicare Part B at any time prior to retirement, but you must apply no later than eight months after your formal retirement in order to avoid paying a premium penalty. Even if your employer offers a retirement health plan, you will want to sign up for Medicare Part A and probably for Medicare Part B when you retire. Most retirement plans assume you are covered under Medicare and will not pay for services that Medicare would have covered.

Veterans may be eligible for special medical programs. However, eligibility and benefits are very restrictive and are subject to change. The Department of Veterans Affairs advises veterans to apply for both Parts A and B of Medicare to ensure adequate medical coverage.

What about costs Medicare does not cover?

Medicare pays for only a portion of hospital and medical bills. As with many private insurance plans, the government expects beneficiaries to pay a share of their bills.

Medicare Parts A and B both have deductible and coinsurance requirements. Private insurance is available to cover all or some of these out-of-pocket costs. These insurance plans are called Medicare supplements (also called Med sup or Medigap plans).

Medicare supplement insurance (Medigap)

Only one Med sup plan is necessary

You should only buy one Med sup plan. No one should try to sell you an additional Med sup plan unless you decide you need to switch policies.

On page 10, a grid illustrates the benefits included in the standardized plans. Pages 7, 8 and 9 detail premium costs for Medicare supplement plan F at age 65. Comparisons for other plans are available by calling 1.888.575.6611 or filling out and sending in the information at the bottom of the “Explanation and Request Form.” You can also access the information at www.nd.gov/ndins.

Open enrollment in Medicare supplement insurance

At age 65, all consumers—including those already receiving Medicare due to disability—have a six-month open enrollment period. For six months beginning when you are both age 65 or older and enrolled in Medicare Part B, companies must sell you any Medicare supplement plan they offer. After this limited open enrollment period, companies can pick and choose whom they will cover.

Other options

If you have an individual or “bank group” insurance policy, becoming Medicare eligible does not require you to cancel it and purchase a Medicare supplement. Doing so may save premium costs, but it is important to compare benefits before deciding what will work best.

If you are eligible for employer retirement insurance, review the plan carefully to understand what benefits are available and how it works with Medicare. Be aware that employer plans are not standardized and are not subject to the requirements governing standardized Medicare supplement policies.

North Dakota residents are eligible to enroll in approved Medicare Advantage plans. These plans are offered by private insurance companies.

Medicare supplement protections (Medigap)

Some situations involving health coverage changes may give you a guaranteed issue right to buy a Medicare supplement policy even when you are not in your Medicare supplement open enrollment period.

These are the most likely situations to occur in North Dakota:

- You have employer group health plan coverage which supplements or is primary to Medicare and the employer group health plan ends
- You are covered by a Medicare supplement plan in another state and move to North Dakota, which is out of the plan’s service area

There may be other circumstances that give you a guaranteed issue right to buy a Medicare supplement plan. If you have questions or would like to request a current Medicare guide, please call the North

Dakota Insurance Department's SHIC program at 1.888.575.6611.

Medicare Advantage plans

Private fee for service: Joining a Medicare Advantage plan requires careful thought. Medicare is working with private insurance companies to offer you ways to meet your personal health care needs through private fee-for-service plans. The plans must provide all benefits provided by Medicare and they may provide additional benefits. Members may pay a premium and plans may charge co-payments or coinsurances. Study your choices and sales materials carefully before you apply. Ensure your physicians and hospital accepts these plans. **THESE PLANS ARE NOT A SUPPLEMENT.** For more information, call the North Dakota Insurance Department at 1.888.575.6611.

HMO: The Heart of America Health Plan (HAHP) offers Medicare managed care coverage to people living in Pierce and Rolette Counties and parts of Benson, Bottineau, McHenry, Towner and Wells Counties.

The Heart of America Health Plan provides all Medicare covered services and pays for deductibles and coinsurance for Medicare covered services. To enroll, you must have Medicare Parts A and B or Part B only (you must continue to pay the monthly Part B premium). The HAHP premium is community rated which means the rate is not determined by your age as you get older.

Once you enroll in the Heart of America Health Plan, you must receive all routine care from your Heart of America primary care physician and specialty care through your primary care physician's referral to another provider. Emergency care is covered for HAHP members outside the market area. If you choose to go outside the plan's network without a referral, Medicare will still cover their portion of the costs; you would be responsible for any deductibles and coinsurance.

For additional information on the Heart of America Health Plan, call 701.776.5848 or 1.800.525.5661.

Should I purchase long-term care insurance?

In the past, families often stepped in to help when older family members were no longer able to care for themselves. Today, with older people living longer, families often living long distances apart and more women working outside the home, fewer families are able to provide this care.

A wide range of long-term care services is now available—day care, respite care, home care and nursing care. These services are expensive and often exceed a person's ability to pay. In North Dakota, for example, the average length of a nursing home stay is just under four years and the average annual cost for care is about \$58,385.

People often mistakenly assume that Medicare will cover their long-term care costs.

MEDICARE ONLY COVERS LONG-TERM CARE IN VERY LIMITED CIRCUMSTANCES.

Less than five percent of all nursing home residents in North Dakota qualify for Medicare payment of their bills.

Many North Dakota residents are eligible for Medicaid payment of their long-term care bills. Medicaid is a medical assistance program for people with limited income and assets. Eligibility is determined by the local county social services office.

Private long-term care insurance is an option for people to consider, particularly if they have assets they wish to protect. You should not buy this type of insurance unless you can afford to pay the premiums every year. Remember, long-term care insurance premiums can and often do go up, even after you retire.

Long-term care plans are not standardized like Med sup plans. Therefore, it is very important to shop around and compare benefit options and cost.

Long-term care partnership

The long-term care partnership represents collaboration between state government and insurance companies in funding long-term care needs. Under this partnership, the state government modifies the rules of their Medicaid program to allow applicants who have purchased qualifying long-term care insurance policies to access Medicaid coverage while retaining assets they would normally be required to spend on their care. Individuals must still meet Medicaid eligibility requirements.

Medicare prescription drug coverage (Part D)

Everyone with Medicare is eligible to join a Medicare Prescription Drug Plan. The Medicare drug program is voluntary. Some people with Medicare will have to pay a monthly premium for the benefit as well as deductibles and co-payments. The premium for the prescription drug coverage is in addition to the premium paid for Medicare Part B. People with limited income and resources may receive help to reduce premiums, deductibles and co-payments. In any case, **most people can expect to save money on their medicine if they enroll.**

Basic facts about the Medicare prescription drug coverage:

- It is voluntary.
- Medicare prescription drug plans provide insurance coverage for prescription drugs.
- Medicare prescription drug coverage helps pay for brand name and generic drugs. Only prescription drugs are covered.
- Drug plans have flexibility in designing their plans, within the guidelines of the Medicare Modernization Act.
- Anyone on Medicare can enroll in a plan.
- You have three months following your 65th birthday to enroll in a plan. After that you may have to pay a penalty.
- There is a monthly premium to join a plan.
- The patient will pay a share of the cost of prescriptions in addition to the monthly premium. The actual amount will vary depending on the drug plan.
- People with limited incomes may be eligible for extra help that may reduce the premium, deductible and co-payments. Applications to receive extra help are available from the Social Security Administration. Call 1-800-772-1213 or visit www.socialsecurity.gov.
- People wishing to continue using their local pharmacy must choose a plan it will accept.

- People with drug coverage from an employer or union plan will receive notice from the plan indicating if that coverage is at least as good as the Medicare plan. Those with current coverage at least as good as the Medicare plan may want to continue their current coverage.
- Those who do not use a lot of prescription drugs should consider enrolling in a Medicare prescription drug plan as prescriptions may be needed later. A later enrollment may mean a higher premium if the person does not enroll at the first opportunity.

Details of plans available to you can be found in the back of the booklet *Medicare and You*. This booklet is sent to all people on Medicare in October of each year. You can also review plan information and do a plan comparison at www.medicare.gov.

More information is available from Medicare, Social Security and other sources, including the State Health Insurance Counseling Program in the North Dakota Insurance Department. Please feel free to call our agency at 1-888-575-6611 if you have questions.

State Health Insurance Counseling (SHIC) Program

The North Dakota State Health Insurance Counseling (SHIC) program provides local, volunteer, peer counselors trained in senior health insurance topics.

SHIC counselors help Medicare beneficiaries, their families or other representatives by providing information and answers to questions related to Medicare, Medicare supplements, long-term care insurance, or other health insurance products. SHIC counselors have no connection with any insurance company or product.

SHIC counselors receive extensive initial and ongoing training in Medicare, Medicare supplement, long-term care insurance and other health insurance issues. Counselors are available for individual appointments through sponsoring organizations to answer questions about Medicare and other health insurance. Counselors receive updated information regularly and have access to the resources of the North Dakota Insurance Department. They also have information on other local resources if clients have additional needs.

SHIC program staff are available to offer public presentations to groups and organizations. To schedule or to locate the SHIC program sponsor nearest you, call the North Dakota Insurance Department at 1.888.575.6611. Write us c/o Insurance Department, 600 East Boulevard, Bismarck, ND 58505-0320 or email us at ndshic@nd.gov. Local telephone: 701.328.2440. Information can also be accessed at www.nd.gov/ndins.

Do you suspect Medicare fraud?

Contact the North Dakota Senior Medicare Patrol:

TTY/D: (701) 858-3580

Toll-free: 1-800-233-1737

Fax: (701) 858-3483

Medicare supplement premium comparison: An explanation

The following items refer to the premium comparisons on the following pages:

1. The premiums shown are annual premiums. Premiums paid more than once a year may vary from those shown. Other factors may also affect premium price.
2. If “issue age” appears on the first line of the page, then the premiums are always based on the age you were when you first bought the policy. Premiums will increase in the future only if all rates for this plan for the company increase.
3. If “attained age” appears on the first line of the page, then the premiums are based on the age you are on each anniversary of the policy. This means rates may increase in two ways: 1) when all rates for the plan increase, and/or 2) as your age increases (may be yearly or every 4–5 years).
4. Some companies have different rates for smokers and non-smokers. The rates shown here are for non-smokers.
5. Some companies have different rates for males and females. The rates shown here are for males.
6. Some companies have crossover arrangements which means that the claims will automatically be sent to your insurance company after Medicare has processed them.
7. The ratings shown are established by A.M. Best Company and measure the company’s overall financial strength. NR means not rated and ratings beginning with FPR are delayed ratings.

If you would like other premium comparisons, please complete the request form below and mail to SHIC, ND Insurance Department, 600 East Boulevard Avenue, Dept. 401, Bismarck, ND 58505-0320. You may also call SHIC at 1.888.575.6611 or email your request to ndshic@nd.gov.

N.D. Insurance Department

600 East Boulevard Avenue, Bismarck, ND 58505-0320
1.888.575.6611 insurance@nd.gov www.nd.gov/ndins

Medicare supplement premium comparison request form

Name: _____ Age (enter up to two ages): _____

Address: _____

City: _____ State: _____ ZIP: _____

Plan (circle up to three): A B C D E F G H I J K L

Issue age _____ Attained age _____

Standard Medicare supplement plans—Plan F

The following plans are offered on a group basis.

Company name	Phone number	Rating
Allianz Life Insurance Co of North America	763.765.6500	A
American Family Life Assurance Co of Columbus	706.323.3431	A+
American Republic	515.245.2000	A-
Globe Life & Accident	405.270.1400	A+
Guarantee Trust	847.699.0600	B+
Life Investors	319.398.8511	A+
Monumental Life	410.685.2900	A+
Mutual of Omaha	402.342.7600	A
Prudential Insurance	973.802.6000	A+
Sterling Life	847.953.1000	A-
Transamerica Life	319.398.8511	A+
Union Labor Life	202.682.0900	B+
United American	972.529.5085	A+
United Health Care (AARP)	877.832.7734	A

Please contact these companies directly if you would like premium information for the above group plans or any other information.

Standard Medicare supplement plans—Plan F

Age of applicant is 65. Policies shown are “attained age” and premiums with an asterisk are sold on a guaranteed issue basis.

Company name	Phone number	A.M. Best Rating	Annual premium
Order of United Commercial Travelers of America	800.848.0123	NR-4	\$1,079
Admiral Life Insurance Company of America	517.349.6000	NR-2	\$1,255
Noridian Mutual Insurance (BCBS)	800.342.4718	NR-5	\$1,316
United World Life Insurance Company	402.342.7600	A+	\$1,318
American Continental Insurance Company	615.377.1300	NR-2	\$1,355
Lincoln Heritage Life Insurance Company	800.438.7180	A-	\$1,368
Sterling Investors Life Insurance Company	877.604.6606	B	\$1,395
Philadelphia American Life Insurance Company	800-552-7879	B+	\$1,397
State Farm Mutual Insurance Company	LOCAL	A++	\$1,431
Thrivent Financial for Lutherans	800.225.5225	A++	\$1,462
World Corp insurance Company	402.496.800	B+	\$1,477
Conseco Health Insurance Company	877.266.7326	B+	\$1,484
Union Bankers Insurance Company	800.824.3577	B+	\$1,521
American Family Mutual Insurance Company	800.374-1111	A	\$1,579

Standard Medicare supplement plans—Plan F—continued
Age of applicant is 65. Policies shown are “attained age” and premiums
with an asterisk are sold on a guaranteed issue basis.

Company name	Phone number	Rating	Annual premium
Standard Life and Accident Insurance Company	800.827.2524	A	\$1,597
Continental Life Insurance Company of Tennessee	615.377.1300	A	\$1,604
Physician’s Life Insurance Company	800.228.9100	A	\$1,616
Bankers Life and Casualty Company	312.396.6000	B++	\$1,627
Sterling Life Insurance Company	800.688.0010	A-	\$1,635
Continental General Insurance Company	800.545.8905	B+	\$1,642
Provident American Life and Health Insurance Company	440.575.2400	B++	\$1,665
United Teacher Associates Insurance Company	512.451.2224	A-	\$1,691
Humana Insurance Company	800.872.7294	A-	\$1,728
United National Life Insurance	800.207.8050	NR-2	\$1,731
Pennsylvania Life Insurance Company	888.802.9497	B++	\$1,732

Premiums as of Tuesday, Oct. 7, 2008. Premiums can change frequently. Please check with the company to verify rates, call 1.888.575.6611 or visit www.nd.gov/ndins/consumer/details.asp?ID=30.

Medicare supplement standardized plans

A	B	C	D	E	F*	G	H	I	J*	K	L
Basic Benefits	Basic Benefits	Basic Benefits	Basic Benefits	Basic Benefits	Basic Benefits	Basic Benefits	Basic Benefits	Basic Benefits	Basic Benefits	Basic Benefits	Basic Benefits
		Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance	Skilled Nursing Facility Coinsurance
	Medicare Part A Deductible	Medicare Part A Deductible	Medicare Part A Deductible	Medicare Part A Deductible	Medicare Part A Deductible	Medicare Part A Deductible	Medicare Part A Deductible	Medicare Part A Deductible	Medicare Part A Deductible	Medicare Part A Deductible	Medicare Part A Deductible
		Medicare Part B Deductible			Medicare Part B Deductible				Medicare Part B Deductible		
					Medicare Part B Excess Charges (100%)	Medicare Part B Excess Charges (100%)		Medicare Part B Excess Charges (100%)	Medicare Part B Excess Charges (100%)	Medicare Part B Excess Charges (50%)	Medicare Part B Excess Charges (75%)
		Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency	Foreign Travel Emergency		
			At-Home Recovery			At-Home Recovery		At-Home Recovery	At-Home Recovery		
				Preventive Care**					Preventive Care**	Preventive Care**	Preventive Care**
										Blood (50% of 1st 3 pints)	Blood (75% of 1st 3 pints)
										Hospice Care (50%)	Hospice Care (75%)

*Medicare Supplement Plans F and J also have a high-deductible option.

**Medicare Supplement Plans cover some preventive care that isn't covered by Medicare.

Note: Medicare Supplement Plan K has a \$4,000 out-of-pocket annual limit. Plan L has a \$2,000 out-of-pocket annual limit. Once you meet the annual limit, the plan pays 100% of the Medicare part A and Part B copayments and coinsurance for the rest of the calendar year. Charges from your doctor that exceed Medicare-approved amounts, called excess charges, aren't covered and don't count toward the out-of-pocket limit. **You will have to pay these excess charges.** The out-of-pocket annual limit can increase each year because of inflation.

Note: As of Jan. 1, 2006, you can't buy Medicare supplement plans covering prescription drugs. If you bought a policy with prescription drug coverage before Jan. 1, 2006, you must decide if you want to keep this coverage.

Do you have questions about Medicare?

Inside, you will find information about:

- Medicare and Medicare Part D
- Medicare supplement insurance
- Plan descriptions and rates
- Long-term care insurance

